



## **Weekly Briefing**

**Bosnia-Herzegovina economy briefing:**  
**The quarry and architectural-building stone exploitation industry**  
**in Bosnia and Herzegovina**  
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# **The quarry and architectural-building stone exploitation industry in Bosnia and Herzegovina**

## **Summary**

*The quarry and architectural-building stone exploitation industry in Bosnia and Herzegovina had been a significant economic segment of the country before the 1990's. Bosnia and Herzegovina holds significant stone resources in all three forms: magmatic, metamorphic and sediment stone, thus holding major potential for the country's struggling economy. But the lack of strategic planning, coordination at all levels of interest as well as overwhelming export present important challenges that hold the progress of this industrial sectors. While quality stone materials and products from local companies hold a small local market and are oriented towards export, the cheaper and less qualitative imported stone is prevalent in constructions projects in Bosnia and Herzegovina, holding stone import at around 85 %. Most obvious case is that of the former stone exploiting giant company "Granit" from Jablanica which produces quality granite and had been in a bankruptcy status for the last decade. While there are some positive examples like the Chinese invested company "Kremnica", the industry is not being supported by the state enough to become significant in the countries economy, while the companies are at a microlevel and local investors are disinterested in the business that takes years to gain back investments on such an unstable market as is that of Bosnia and Herzegovina.*

## **Introduction**

There is no general state strategy for architectural-building stone exploit in Bosnia and Herzegovina, but the industry is in the jurisdiction of the two entities, Republika Srpska and Federation on Bosnia and Herzegovina, which hold the right to the exploit concessions. According to the data of Federal Institute of Geology of Bosnia and Herzegovina (*Federalni zavod za geologiju Bosne i Hercegovine*),<sup>1</sup> the resources of architectural building stone and broken stone for other building works amount to almost 37 million cubic meters, while potential

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<sup>1</sup> <https://fzgg.gov.ba/>

resources hold over 7 million cubic meters. At the moment, there is no similar data on the stone resources available in Republika Srpska.

### **Big resources and import of architectural-building stone**

Although Bosnia and Herzegovina holds relatively large resources of stone in its quarries, they are very much unused and the exploits is based on several small local firms. For instance, resources of granite in the district of Jablanica, in the south of Bosnia and Herzegovina, are estimated to be worth around one billion euro. The Jablanica stone is world renown but due to unsuccessful managements in previous decades after the 1990's war, the stone has almost disappeared form the market. Architectural-building stone is present in Bosnia and Herzegovina's resources in all three forms: magmatic, metamorphic and sediment stone. Except in Jablanica, which was one of the most important quarries in former Yugoslavia, there are limestone quarries on the territories of Posušje, Široki Brijeg, Bihać and Sarajevo, then partially exploited gabbro quarries in central Bosnia and Herzegovina and unexploited magmatic rocks in the vicinity of Srebrenica.

Around 85 % of stone in the Bosnia and Herzegovina's market is imported. Granite is mostly imported from Turkey, Croatia, Macedonia and Italy, while marble from India, South Africa and Italy, according to the data from the Indirect Taxation Authority of Bosnia and Herzegovina (*Uprava za indirektno oporezivanje Bosne i Hercegovine*).<sup>2</sup> In the first 8 months of 2021 Bosnia and Herzegovina had imported architectural-building stone worth € 4,85 million, out of which € 4 million worth of granite and € 850,000 worth marble. The main import port is the Adriatic city of Ploče in Croatia. Due to the disinterest of local investors and lack of state subsidies to the quarry industry, the stone resource wealth is not locally exploited but given and managed by foreign investors. Another problem is non-modern means of stone exploit and the fact that the quarry business takes years in order to have return of investments and makes substantial profit.

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<sup>2</sup> <http://www.new.uino.gov.ba/en>

## **The lack of general strategic plans and future predictions for stone exploitation industry in Bosnia and Herzegovina**

The last strategic document in Federation of Bosnia and Herzegovina that mentions quarry exploit dates from 2018. It is the Strategy for the development of the building material industry 2016 – 2025, <sup>3</sup> holding data from 2015. According to the data, there were 165 companies in the Federation of Bosnia and Herzegovina that venture in stone, sand and clay business in 2015, out of which most are micro-companies. There is no available recent strategy on stone exploit, nor data on resources and potential finds of architectural-building stone in Republika Srpska. Also, in both entities, it is not known how many exploitation concessions had been granted, so one can not say with certainty how many and of which sort quarries there are in Bosnia and Herzegovina.

When it comes to possible future of the architectural-building stone industry in Bosnia and Herzegovina, Frano Oreč from the association “Sound of the Stone” (*Zvuk kamena*) in Posušje says that the industry is constant decline and that 30 years ago it was very strong. In former Yugoslavia there had been official programs for developing the stone exploit industry, while today there is no coordination whatsoever, claims Oreč. He thinks that, considering the stone resources are there, it makes no sense not to exploit and produce, but there has to be coordination on all levels, from the producers to the government. Also, there are less people who would like to study to be stone carvers as the last generation of stone carvers graduated from Jablanica in 2015. The today active stone carvers now work foremostly in Croatia.

### **Case of the “Granit” company and Chinese investors example in “Kremnica”**

As with so many companies in Bosnia and Herzegovina after the 1990’s war, a misfortunate is also the case of former stone giant “Granit” from Jablanica. “Granit” has been exploiting and processing gabbro stone for nearly a century, and after an unsuccessful after-war privatization process, the company has been in the state of bankruptcy for the last ten years. It is currently employing around 200 people and exports almost 90 % of its products to the nearby markets in Serbia, Croatia, Slovenia and Montenegro. The company also faces the country’s paradox of having no problem of its product placement abroad while on the domestic market it faces competition from imported stone goods. Abid Šarić, current manager of “Granit” says this is because the project that require the architectural-building stone products in Bosnia and

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<sup>3</sup> <https://fmeri.gov.ba/media/1476/strategija-igm.pdf>

Herzegovina are led by reasoning of lower prices and cheaper materials, rather than quality stone goods. For instance, “Granit” exports its quality stone to Slovenia, while less quality stone is being imported to Bosnia and Herzegovina from Slovenia. This cheaper stone also requires much more frequent renovations than the one from the Jablanica company.

Company “Kremnica”<sup>4</sup> from Berkovići in the south of Bosnia and Herzegovina has been exploiting architectural-building stone since 2008. In 2014 Chinese investors had taken over most of the companies shares and since then almost all of the stone production of “Kremnica” is exported to the Chinese market. According to the company’s director, Mirko Puljić, the company exports around 600 containers of stone blocks are shipped to China, while small amount are being processed in the quarry for the local market. Puljić feels that currently the largest potential is in the stone processing business as in modern processing procedures there are virtually no leftovers. He says that the company couldn’t have survived without the Chinese investment and export, and doesn’t understand why local investors don’t see the potential in the industry. With more research and strategy, the industry holds great potential for Bosnia and Herzegovina, concludes Puljić.

## **Conclusion**

It is an obvious conclusion that Bosnia and Herzegovina’s economy has much to gain by exploiting its own architectural-building stone resources, which are quite substantial, also considering that the import of the stone material to the country is very high, around 85 %. As for the main reasons why this has not happened so far it is important to list the lack of strategic planning for the industry, lack of coordination on all levels, from the producing companies to the government, as well as decisions of building investors who decide to buy cheaper, imported stone materials and products for their projects. The positive cases like that of Chinese invested “Kremnica” company are exceptions and there is no current direction showing that the quarry and the architecture-building stone exploit industry in Bosnia and Herzegovina will take a positive turn, as even former giants with renown quality stone like “Granit” are in constant decline.

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<sup>4</sup> <https://kremnit.ba/en/about-us/>